

TOWN OF NOLENSVILLE, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2020

TOWN OF NOLENSVILLE, TENNESSEE

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INTRODUCTORY SECTION

TOWN OF NOLENSVILLE, TENNESSEE

Officials of the Town of Nolensville, Tennessee

June 30, 2020

Name

Title

Elected Officials:

Jimmy Alexander

Mayor

Tommy Dugger

Vice -Mayor

Larry Felts

Alderman

Derek Adams

Alderman

Wendy Cook-Mucci

Alderman

Management:

Montique Luster

Town Recorder

Christina Merle (June 1, 2020 – June 30, 2020)

Finance Director, CMFO Candidate

Julie Wilson (July 1, 2019 – May 31, 2020)

Finance Director, CMFO

FINANCIAL SECTION

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

Mayor and Board of Aldermen of the
Town of Nolensville, Tennessee
Nolensville, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of the Town of Nolensville, Tennessee as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting policies made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Town of Nolensville, Tennessee as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund, State Street Aid Fund, Drug Fund, Facilities Tax Fund, Impact Fund, and the Facilities School Tax Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters -Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information, which includes the Management's Discussion and Analysis and the Schedule of Changes in Net Pension Liability (Asset), Schedule of Contributions to the Employee Pension Plan and Schedule of Changes in Total Liability and Related Ratios, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during the audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Matters -Other Information

The audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Introductory Section, Supplementary Information, and Management's Corrective Action Plan are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Supplementary Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Management's Corrective Action Plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 15, 2020 on the consideration of the Town of Nolensville's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.

John R Poole, CPA

December 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF NOLENSVILLE, TENNESSEE

Management's Discussion and Analysis

As management of the Town of Nolensville, Tennessee (the Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2020. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Town. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

Financial Highlights:

The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$31,988,122. Of this amount, \$8,758,901 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased by \$4,255,982 despite decreased revenues combined with increased expenses as the Town continues to see growth. Revenues were \$719,937 less in the current year primarily as a result of decreased user charges and grant revenues. Expenses were \$665,418 more in the current year partly due to increased depreciation expenses of \$703,326.

As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$23,264,524 an increase of \$1,222,771 in comparison to the prior year. The increase was due to increased sales tax revenues by the Town. Expenses were higher in the current year as a result of capital asset purchases of \$3,627,622. During the year the Town repaid \$204,000 in debt related to the Town Hall and recreation center loans. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$8,847,452.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax). Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town of Nolensville include general government, personnel, finance, planning, police, fire, streets and public works. The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town are governmental funds. Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the governmental-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The Town adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 14-25 of this report. The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-45 of this report.

Financial Analysis of the Financial Statements -- Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by \$31,988,122 at the close of the most recent fiscal year. One of the largest portion of the Town's assets reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Financial Analysis of the Financial Statements --Town of Nolensville's Net Position

	<u>2020</u>	<u>2019</u>
Current assets	\$ 24,319,652	23,195,582
Capital assets	<u>13,566,808</u>	<u>10,642,512</u>
Total assets	<u>37,886,460</u>	<u>33,838,094</u>
Deferred Outflows	336,950	388,848
Long-term debt	4,698,000	4,902,000
Other liabilities	<u>666,250</u>	<u>872,397</u>
Total liabilities	<u>5,364,250</u>	<u>5,774,397</u>
Deferred Inflows	871,038	720,405
Net position:		
Net investment in capital assets	8,868,808	5,740,512
Restricted	14,360,413	14,455,929
Unrestricted	<u>8,758,901</u>	<u>7,535,699</u>
Total net position	\$ 31,988,122	27,732,140

Comparison between years 2019 and 2020

	2020 Governmental <u>Activities</u>	2019 Governmental <u>Activities</u>	Change Between <u>Years</u>
Revenues:			
Program revenues:			
Charges for services	4,012,846	4,530,230	(517,384)
Operating grants and contributions	539,094	1,249,982	(710,888)
Capital grants and contributions	0	0	0
General revenues:			
Property taxes	857,398	767,750	89,648
Sales taxes	2,043,374	1,705,139	338,235
Other local taxes	536,368	442,100	94,268
Other state shared taxes	62,427	81,458	(19,031)
Other	452,500	447,285	5,215
Total revenues	<u>8,504,007</u>	<u>9,223,944</u>	<u>(719,937)</u>
Expenses:			
General government	944,495	719,478	225,017
Police department	1,378,756	1,259,854	118,902
Fire department	289,420	180,263	109,157
Codes department	697,581	568,862	128,719
Highways and streets	937,773	854,150	83,623
Total expenses	<u>4,248,025</u>	<u>3,582,607</u>	<u>665,418</u>
Change in net position	<u>4,255,982</u>	<u>5,641,337</u>	<u>(1,385,355)</u>

Governmental Funds

The focus of the Town of Nolensville's governmental funds is to provide information on near-term inflows, outflows and balances of resources. Such information is useful in assessing the Town's financing requirements in particular, unassigned fund balance may serve as a useful measure to a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,847,452. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

General Fund Budgetary Highlights

During the year, the Town maintained all of its departmental budgets. Further information is provided on pages 18-25.

Capital Asset and Debt Administration

Capital Assets

The Town of Nolensville's investment in capital assets from its governmental activities at June 30, 2020, amounts to \$13,566,808 (net of accumulated depreciation). This investment in capital assets is in land, buildings, improvements, infrastructure, machinery and equipment.

Town of Nolensville's Capital Assets-

	2020	2019
	Governmental	Governmental
	<u>Activities</u>	<u>Activities</u>
Land	\$ 278,753	278,753
Building	4,570,055	4,570,055
Furniture	31,525	31,525
Infrastructure	11,584,615	8,261,649
Machinery and equipment	<u>886,345</u>	<u>744,282</u>
Less accumulated depreciation	(3,784,485)	(3,243,752)
Net Capital Assets	\$ <u>13,566,808</u>	<u>10,642,512</u>

Additional information on the Town of Nolensville's capital assets can be found in the notes to the financial statements section of this report.

Debt

The Town has \$4,698,000 in long-term debt at year end. The debt was used to finance the construction of capital assets. During the year the Town reduced its outstanding debt by \$204,000.

Additional information on the Town's long-term debt can be found in the notes to the financial statements section of this report.

Economic Factors and Next Year's Budget and Rates

In the 2020-2021 budget, Non-grant revenues are budgeted to increase from the 2019-2020 budget year primarily due to increases in local revenues. This factor was considered in preparing the Town's budget for the 2020-2021 fiscal year.

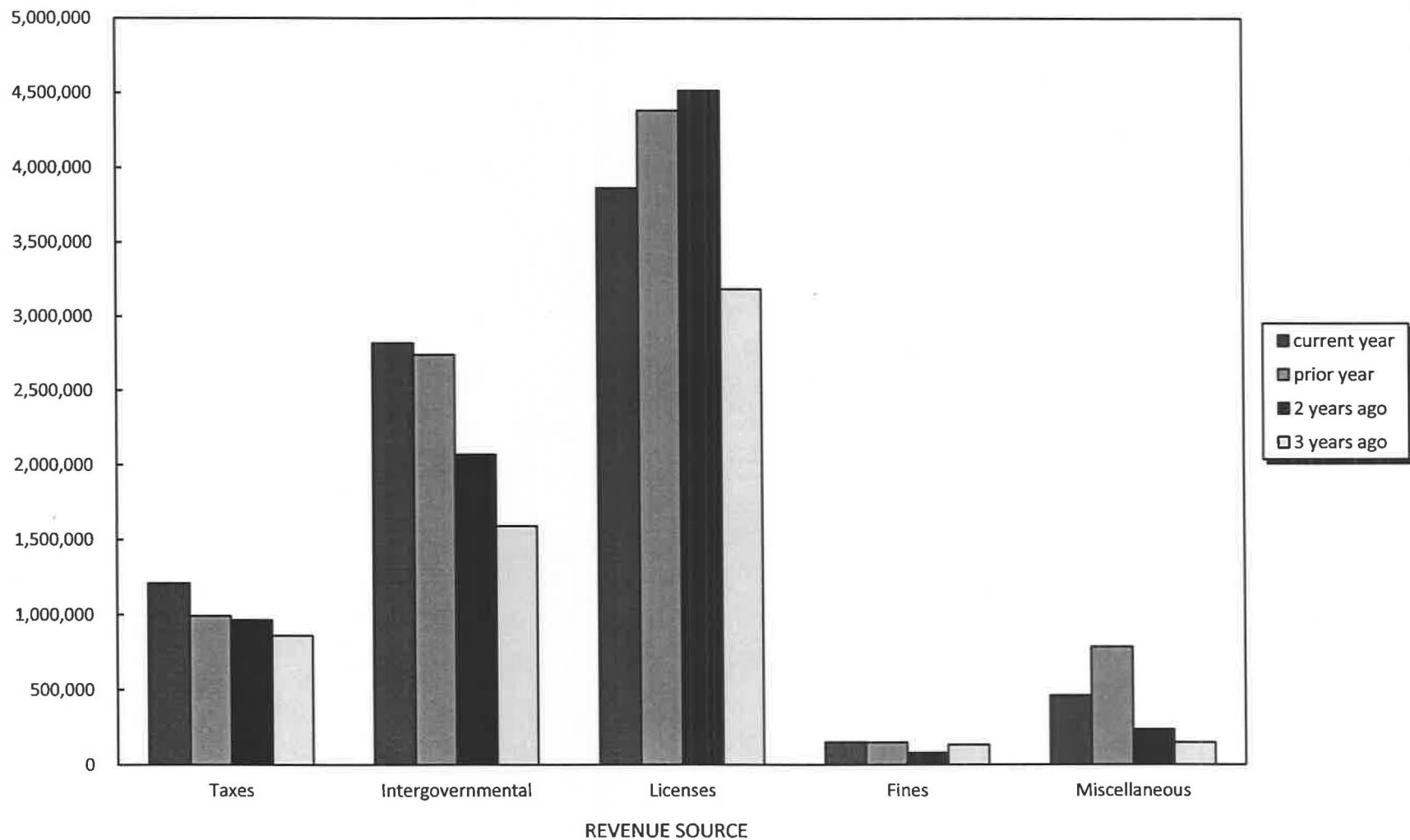
Requests for Information

This financial report is designed to provide a general overview of the Town of Nolensville, Tennessee's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Christina Merle
Town of Nolensville

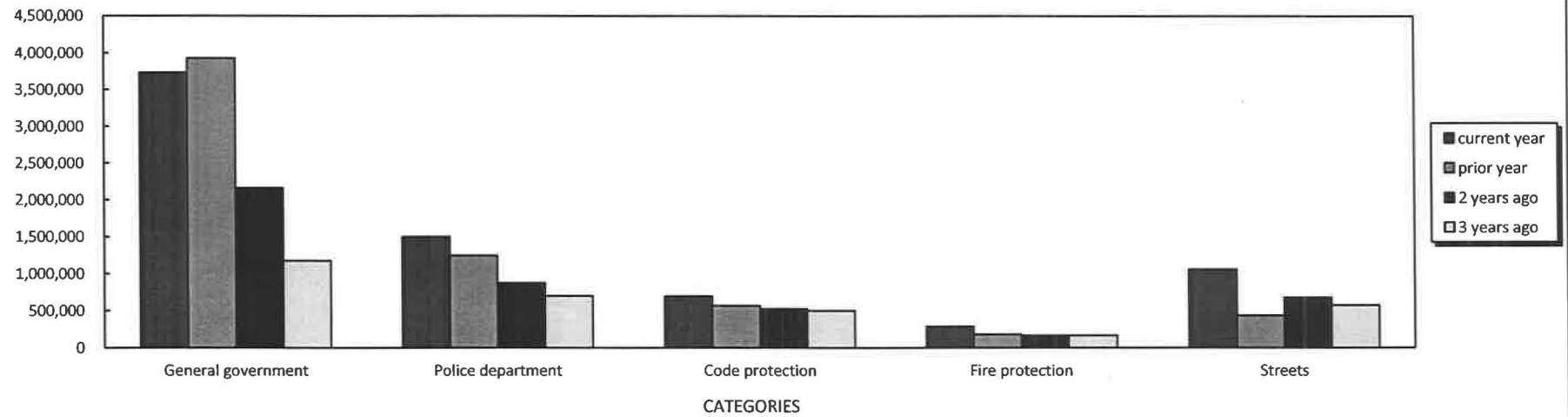
TOWN OF NOLENSVILLE, TENNESSEE

GOVERNMENTAL FUND REVENUES



TOWN OF NOLENSVILLE

GOVERNMENTAL FUND EXPENDITURES



BASIC FINANCIAL STATEMENTS

TOWN OF NOLENSVILLE, TENNESSEE

Statement of Net Position

June 30, 2020

<u>Assets</u>	<u>Governmental Activities</u>	<u>Total</u>
Cash and cash equivalents	\$22,914,810	22,914,810
Accounts receivable	1,348,183	1,348,183
Prepaid assets	56,659	56,659
Capital assets not being depreciated	278,753	278,753
Capital assets, net of accumulated depreciation	<u>13,288,055</u>	<u>13,288,055</u>
Total Assets	<u>\$37,886,460</u>	<u>37,886,460</u>
Deferred Outflows:		
Deferred outflow of resources - OPEB	2,386	2,386
Deferred outflow of resources - pension	<u>334,564</u>	<u>334,564</u>
Total Deferred Outflows	<u>336,950</u>	<u>336,950</u>
Liabilities:		
Accounts payable	\$257,498	257,498
Accrued expenses	183,729	183,729
Net pension liability	206,176	206,176
Total OPEB liability	18,847	18,847
Long-term liabilities:		
Due within one year	214,000	214,000
Due in more than one year	<u>4,484,000</u>	<u>4,484,000</u>
Total Liabilities	<u>5,364,250</u>	<u>5,364,250</u>
Deferred Inflows:		
Deferred inflow of resources - property taxes	710,544	710,544
Deferred inflow of resources - OPEB	29,129	29,129
Deferred inflow of resources - pension	<u>131,365</u>	<u>131,365</u>
Total Deferred Inflows	<u>871,038</u>	<u>871,038</u>
Net Position:		
Net investment in capital assets	8,868,808	8,868,808
Restricted - state street	568,348	568,348
Restricted - drug fund	2,042	2,042
Restricted - facilities tax	7,941,320	7,941,320
Restricted - impact	5,122,718	5,122,718
Restricted - facilities school	725,985	725,985
Unrestricted	<u>8,758,901</u>	<u>8,758,901</u>
Total Net Position	<u>31,988,122</u>	<u>31,988,122</u>

See accompanying notes to financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2020

<u>Function/Programs</u>	<u>Program Revenues</u>				<u>Net (Expenses) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>
Government Activities:						
General government	944,495	3,863,907	73,968	0	2,993,380	2,993,380
Police department	1,378,756	148,939	46,770	0	(1,183,047)	(1,183,047)
Fire department	289,420	0	0	0	(289,420)	(289,420)
Codes, planning and engineering	697,581	0	0	0	(697,581)	(697,581)
Highways and streets	937,773	0	418,356	0	(519,417)	(519,417)
Total Governmental Activities	<u>4,248,025</u>	<u>4,012,846</u>	<u>539,094</u>	<u>0</u>	<u>303,915</u>	<u>303,915</u>
General Revenues						
Property taxes					720,075	720,075
Public property taxes					137,323	137,323
Sales taxes					2,043,374	2,043,374
Alcohol taxes					314,594	314,594
Income and excise taxes					62,427	62,427
Franchise taxes					221,774	221,774
Interest income					448,362	448,362
Other income					4,138	4,138
Total general revenues					<u>3,952,067</u>	<u>3,952,067</u>
Change in net position					4,255,982	4,255,982
Net Position - beginning of year					27,732,140	27,732,140
Net position - end of year					<u>31,988,122</u>	<u>31,988,122</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF NOLENSVILLE, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2020

Assets	General Fund	State Street Aid Fund	Drug Fund	Facilities Tax Fund	Impact Fund	Facilities School Tax	Total
Cash and cash equivalents	\$8,480,382	\$623,032	\$2,042	\$7,941,320	\$5,155,456	\$712,578	\$22,914,810
Accounts receivable	1,257,512	67,364	0	0	0	23,307	1,348,183
Prepaid assets	56,659	0	0	0	0	0	56,659
Total Assets	\$9,794,553	\$690,396	\$2,042	\$7,941,320	\$5,155,456	\$735,885	\$24,319,652
<u>Liabilities, Deferred Inflows and Fund Balance</u>							
Liabilities:							
Accounts payable	\$92,812	\$122,048	\$0	\$0	\$32,738	\$9,900	\$257,498
Accrued expenses	80,243	0	0	0	0	0	80,243
Total Liabilities	173,055	122,048	0	0	32,738	9,900	337,741
Deferred Inflow of Resources:							
Deferred current property taxes	710,544	0	0	0	0	0	710,544
Deferred delinquent property taxes	6,843	0	0	0	0	0	6,843
Total Deferred Inflow of Resources	717,387	0	0	0	0	0	717,387
Fund balance:							
Restricted	0	\$68,348	2,042	\$7,941,320	5,122,718	725,985	14,360,413
Non-spendable	56,659	0	0	0	0	0	56,659
Unassigned	8,847,452	0	0	0	0	0	8,847,452
Total Fund Balance	8,904,111	\$68,348	2,042	\$7,941,320	5,122,718	725,985	23,264,524
Total Liabilities, Deferred Inflow and Fund Balance	\$9,794,553	\$690,396	\$2,042	\$7,941,320	\$5,155,456	\$735,885	\$24,319,652

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Reconciliation of the Balance Sheet to the Statement of Net Position
of Governmental Activities**

June 30, 2020

Amounts reported for fund balance - total governmental funds	\$ 23,264,524
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term liabilities, including bonds payable and accrued contingencies are not due and payable in the current period and therefore are not recorded in the funds	
Long-term debt	(4,698,000)
Accrued vacation time	(103,486)
Other long term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds	
	6,843
Pension related accounts - governmental funds do not record these post-benefit obligations	
Net pension liability	(206,176)
Deferred outflow - pension	334,564
Deferred inflow - pension	(131,365)
OPEB related accounts - governmental funds do not record these post-benefit obligations	
Total OPEB liability	(18,847)
Deferred outflow - OPEB	2,386
Deferred inflow - OPEB	(29,129)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	
Investment in capital assets, net of accumulated depreciation	<u>13,566,808</u>
Net position of governmental activities	\$ <u><u>31,988,122</u></u>

TOWN OF NOLENSVILLE, TENNESSEE

**Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances**

For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Facilities Tax Fund</u>	<u>Impact Fund</u>	<u>Facilities School Tax</u>	<u>Total Governmental Funds</u>
Revenues:							
Taxes	\$1,209,911	0	0	0	0	0	1,209,911
Intergovernmental	2,358,457	396,325	0	0	0	64,968	2,819,750
Licenses and permits	1,003,582	0	0	1,104,682	1,564,985	190,658	3,863,907
Fines and fees	147,622	0	1,317	0	0	0	148,939
Miscellaneous	169,129	13,256	26	152,266	114,849	11,974	461,500
Total Revenues	<u>4,888,701</u>	<u>409,581</u>	<u>1,343</u>	<u>1,256,948</u>	<u>1,679,834</u>	<u>267,600</u>	<u>8,504,007</u>
Expenditures:							
Current:							
General government	597,406	0	0	0	0	17,100	614,506
Police department	1,265,037	0	0	0	0	0	1,265,037
Fire department	289,420	0	0	0	0	0	289,420
Codes, planning and engineering	697,581	0	0	0	0	0	697,581
Highway and streets	405,554	60,176	0	0	0	0	465,730
Capital outlay:							
General government	6,136	0	0	0	0	0	6,136
Police department	237,565	0	0	0	0	0	237,565
Highway and streets	71,715	521,246	0	0	0	0	592,961
Impact fund	0	0	0	0	2,713,908	0	2,713,908
Facilities school tax fund	0	0	0	0	0	77,052	77,052
Debt service							
Principal	0	0	0	204,000	0	0	204,000
Interest	0	0	0	117,340	0	0	117,340
Total Expenditures	<u>3,570,414</u>	<u>581,422</u>	<u>0</u>	<u>321,340</u>	<u>2,713,908</u>	<u>94,152</u>	<u>7,281,236</u>
Excess (deficiency) of revenues over expenditures	<u>1,318,287</u>	<u>(171,841)</u>	<u>1,343</u>	<u>935,608</u>	<u>(1,034,074)</u>	<u>173,448</u>	<u>1,222,771</u>
Fund Balance, Beginning of year	7,585,824	740,189	699	7,005,712	6,156,792	552,537	22,041,753
Fund Balance, End of Year	<u>8,904,111</u>	<u>568,348</u>	<u>2,042</u>	<u>7,941,320</u>	<u>5,122,718</u>	<u>725,985</u>	<u>23,264,524</u>

See accompanying notes to financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities**

For the Year Ended June 30, 2020

Net change in fund balances - total governmental funds: \$ 1,222,771

Amounts reported for governmental activities in the statement of net position are different because:

Expenses in the governmental funds that decrease long-term debt

Loan principal payments 204,000

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(1,972)

Expenses reported in the statement of activities that affect accrued liabilities that are not reported as expenditures in the governmental funds

Change in pension plan accounts (13,125)

Change in OPEB plan accounts (4,444)

Change in employee vacation accrual (75,544)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Acquisition of capital assets 3,627,622

Depreciation expense (703,326)

Change in net position of governmental activities \$ 4,255,982

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual**

General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes:				
Property taxes	\$558,000	\$672,763	\$719,401	46,638
Wholesale beer and liquor tax	155,920	153,745	268,062	114,317
Cable and gas franchise	175,000	145,000	221,774	76,774
Penalty and interest	300	400	674	274
Total Taxes	<u>889,220</u>	<u>971,908</u>	<u>1,209,911</u>	<u>238,003</u>
Intergovernmental:				
TVA in lieu	120,910	130,945	137,323	6,378
Local sales tax	516,000	684,000	1,032,506	348,506
State sales tax	888,100	965,439	1,010,868	45,429
Grants	63,755	55,300	39,570	(15,730)
State supplement	5,400	0	7,200	7,200
State income tax	60,000	0	62,427	62,427
State beer and alcohol tax	30,350	35,549	46,532	10,983
State special petroleum tax	21,935	22,194	22,031	(163)
Total Intergovernmental Revenue	<u>1,706,450</u>	<u>1,893,427</u>	<u>2,358,457</u>	<u>465,030</u>
Licenses and Permits	<u>814,680</u>	<u>798,486</u>	<u>1,003,582</u>	<u>205,096</u>
Fines and fees	<u>139,500</u>	<u>259,838</u>	<u>147,622</u>	<u>(112,216)</u>
Miscellaneous:				
Donations	18,600	15,000	9,000	(6,000)
Interest income	35,000	50,000	155,991	105,991
Miscellaneous	0	200	4,138	3,938
Total Miscellaneous	<u>53,600</u>	<u>65,200</u>	<u>169,129</u>	<u>103,929</u>
Total Revenues	<u>3,603,450</u>	<u>3,988,859</u>	<u>4,888,701</u>	<u>899,842</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
General Government:				
Current:				
Personnel costs	236,056	263,020	191,259	71,761
Payroll taxes	18,655	20,267	15,367	4,900
Employee benefits	49,773	56,424	33,742	22,682
Board of Mayor and Aldermen	212,309	198,435	164,870	33,565
Supplies	1,600	1,200	5,923	(4,723)
Professional services	26,860	29,380	30,037	(657)
Repair and maintenance	4,929	1,500	6,614	(5,114)
Office expense	6,991	5,400	3,009	2,391
Dues and subscription	6,775	6,565	2,312	4,253
Travel and auto	2,200	3,760	242	3,518
Insurance	4,600	5,750	7,342	(1,592)
Building	128,682	169,433	136,669	32,764
Miscellaneous	0	0	20	(20)
	<u>699,430</u>	<u>761,134</u>	<u>597,406</u>	<u>163,728</u>
Capital outlay	2,359	500	6,136	(5,636)
Total General Government	<u>701,789</u>	<u>761,634</u>	<u>603,542</u>	<u>158,092</u>
Public Safety:				
Police department:				
Personnel costs	595,168	772,193	703,200	68,993
Payroll taxes	48,133	58,356	50,147	8,209
Employee benefits	154,456	184,487	162,830	21,657
Contract services	13,117	50,625	58,105	(7,480)
Memberships and dues	4,953	5,403	9,182	(3,779)
Supplies	14,326	18,587	25,415	(6,828)
Repair and maintenance	39,454	39,313	12,345	26,968
Uniforms	9,550	13,000	14,220	(1,220)
Auto expenses	33,708	44,700	55,310	(10,610)
Utilities	6,955	19,207	11,119	8,088
Training and ammunition	9,211	18,850	2,782	16,068
Insurance	59,086	81,725	55,554	26,171
Court	104,455	113,713	104,796	8,917
Miscellaneous	0	0	32	(32)
	<u>1,092,572</u>	<u>1,420,159</u>	<u>1,265,037</u>	<u>155,122</u>
Capital outlay	209,967	240,133	237,565	2,568
Total Police department	<u>1,302,539</u>	<u>1,660,292</u>	<u>1,502,602</u>	<u>157,690</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget (GAAP Basis) and Actual, Continued**

General Fund

For the Year Ended June 30, 2020

Continued,	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Codes, Planning and Engineering department:				
Personnel costs	357,000	422,237	401,868	20,369
Payroll taxes	27,925	32,180	29,871	2,309
Employee benefits	66,928	80,460	74,803	5,657
Memberships	4,500	7,490	1,437	6,053
Professional services	103,800	114,260	137,789	(23,529)
Supplies and maintenance	43,037	11,700	20,111	(8,411)
Vehicle expense	2,250	3,550	1,975	1,575
Insurance	15,160	22,380	29,284	(6,904)
Travel	3,740	2,500	443	2,057
Miscellaneous	0	0	0	0
	<u>624,340</u>	<u>696,757</u>	<u>697,581</u>	<u>(824)</u>
Capital outlay	750	3,000	0	3,000
Total Codes, Planning and Engineering	<u>625,090</u>	<u>699,757</u>	<u>697,581</u>	<u>2,176</u>
Street department:				
Personnel costs	224,325	227,461	199,707	27,754
Payroll taxes	17,200	17,275	15,655	1,620
Employee benefits	64,391	77,058	60,010	17,048
Repair and maintenance	79,019	44,340	56,272	(11,932)
Supplies	11,766	12,720	19,453	(6,733)
Street lighting and utilities	6,452	6,240	5,040	1,200
Insurance	13,863	13,900	20,423	(6,523)
Vehicle expense	9,350	13,300	7,522	5,778
Contractual services	12,351	18,572	21,472	(2,900)
Miscellaneous	0	0	0	0
	<u>438,717</u>	<u>430,866</u>	<u>405,554</u>	<u>25,312</u>
Capital outlay	15,207	77,650	71,715	5,935
Total Street department	<u>453,924</u>	<u>508,516</u>	<u>477,269</u>	<u>31,247</u>
Fire protection:	<u>184,059</u>	<u>278,410</u>	<u>289,420</u>	<u>(11,010)</u>
 Total Expenditures	<u>3,267,401</u>	<u>3,908,609</u>	<u>3,570,414</u>	<u>338,195</u>
 Excess (deficiency) of Revenues over Expenditures	336,049	80,250	1,318,287	1,238,037
 Fund Balance, July 1, 2019	7,585,824	7,585,824	7,585,824	0
Fund Balance, June 30, 2020	<u>\$7,921,873</u>	<u>\$7,666,074</u>	<u>\$8,904,111</u>	<u>\$1,238,037</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

State Street Aid Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Gasoline .03 tax	63,665	72,630	60,094	(12,536)
Gasoline 1989 tax	33,705	38,451	32,432	(6,019)
Gasoline 2017 tax	63,665	72,630	98,988	26,358
Gasoline and motor fuel	213,465	243,524	204,811	(38,713)
	<u>374,500</u>	<u>427,235</u>	<u>396,325</u>	<u>(30,910)</u>
Miscellaneous				
Interest	2,300	5,000	13,256	8,256
	<u>2,300</u>	<u>5,000</u>	<u>13,256</u>	<u>8,256</u>
Total Revenues	<u>376,800</u>	<u>432,235</u>	<u>409,581</u>	<u>(22,654)</u>
Expenditures:				
Streets:				
Street maintenance	336,000	60,000	60,176	(176)
Capital outlay	0	532,000	521,246	10,754
	<u>336,000</u>	<u>592,000</u>	<u>581,422</u>	<u>10,578</u>
Total Expenditures	<u>336,000</u>	<u>592,000</u>	<u>581,422</u>	<u>10,578</u>
Excess (deficiency) of revenues over expenditures	40,800	(159,765)	(171,841)	(12,076)
Fund Balance, July 1, 2019	<u>740,189</u>	<u>740,189</u>	<u>740,189</u>	<u>-</u>
Fund Balance, June 30, 2020	<u><u>780,989</u></u>	<u><u>580,424</u></u>	<u><u>568,348</u></u>	<u><u>(12,076)</u></u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Drug Fund

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Miscellaneous				
Fines	\$500	\$500	\$1,317	817
Interest	<u>40</u>	<u>0</u>	<u>26</u>	<u>26</u>
Total Revenues	<u>540</u>	<u>500</u>	<u>1,343</u>	<u>843</u>
Expenditures:				
Supplies	7,000	0	0	0
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>7,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (deficiency) of revenues over expenditures	(6,460)	500	1,343	843
Fund Balance, July 1, 2019	<u>699</u>	<u>699</u>	<u>699</u>	<u>-</u>
Fund Balance, June 30, 2020	<u><u>(\$5,761)</u></u>	<u><u>\$1,199</u></u>	<u><u>2,042</u></u>	<u><u>843</u></u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Facilities Tax Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Miscellaneous				
Licenses and permits	\$1,127,564	\$1,062,500	\$1,104,682	42,182
Interest	32,000	112,000	152,266	40,266
Total Revenues	<u>1,159,564</u>	<u>1,174,500</u>	<u>1,256,948</u>	<u>82,448</u>
Expenditures:				
Debt Service	416,490	364,000	321,340	42,660
Professional services	0	0	0	0
Total Expenditures	<u>416,490</u>	<u>364,000</u>	<u>321,340</u>	<u>42,660</u>
Excess (deficiency) of revenues over expenditures	743,074	810,500	935,608	125,108
 Fund Balance, July 1, 2019	 <u>7,005,712</u>	 <u>7,005,712</u>	 <u>7,005,712</u>	 <u>-</u>
Fund Balance, June 30, 2020	<u>7,748,786</u>	<u>7,816,212</u>	<u>7,941,320</u>	<u>125,108</u>

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Impact Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Miscellaneous				
Licenses and permits	1,435,261	1,451,672	1,564,985	113,313
Donations	0	325,920	0	(325,920)
Interest	25,000	50,000	114,849	64,849
Total Revenues	1,460,261	1,827,592	1,679,834	(147,758)
Expenditures:				
Capital outlay	5,800,000	6,016,829	2,713,908	3,302,921
Total Expenditures	5,800,000	6,016,829	2,713,908	3,302,921
Excess (deficiency) of revenues over expenditures	(4,339,739)	(4,189,237)	(1,034,074)	3,155,163
Fund Balance, July 1, 2019	6,156,792	6,156,792	6,156,792	-
Fund Balance, June 30, 2020	1,817,053	1,967,555	5,122,718	3,155,163

The notes accompanying the financial statements are an integral part of these financial statements.

TOWN OF NOLENSVILLE, TENNESSEE

**Statement of Revenues, Expenditures
and Changes in Fund Balance - Budget and Actual**

Facilities School Tax Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Miscellaneous				
Licenses and permits	0	84,000	190,658	106,658
Grants	400,000	0	64,968	64,968
Interest	0	2,500	11,974	9,474
Total Revenues	400,000	86,500	267,600	181,100
Expenditures:				
Professional services	72,000	18,000	17,100	900
Capital outlay	328,000	80,000	77,052	2,948
Total Expenditures	400,000	98,000	94,152	3,848
Excess (deficiency) of revenues over expenditures	0	(11,500)	173,448	184,948
Fund Balance, July 1, 2019	552,537	552,537	552,537	0
Fund Balance, June 30, 2020	552,537	541,037	725,985	184,948

The notes accompanying the financial statements are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

The Town of Nolensville, Tennessee, was incorporated under the Private Act of the Tennessee General Assembly. The Town provides the following services, as authorized by its charter and duly passed ordinances: public safety, streets, public improvements, and general administrative services. The accounting policies of the Town of Nolensville, Tennessee conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Reporting Entity:

In evaluating the Town as a reporting entity, management follows all applicable GASB statements and has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, as such, should be included within the Town's financial statements. The Town (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town has no component units at yearend.

Accounting Pronouncements:

Effective July 1, 2003 the Town adopted GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34, Statement No. 38, Certain Financial Statement Note Disclosures and Interpretation No. 6, Recognition and measurement of Certain Liabilities and Expenditures in Government Fund Financial Statements. The requirements of these statements represent a significant change in the financial reporting model used by the Town. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement focus for all funds. The fund financial statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in one column. Other significant changes include the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, and the inclusion of management's discussion and analysis.

Government -Wide and Fund Financial Statements

The Government-wide financial statements, the statement of Net Position and the statement of changes in Net Position, report information on all of the nonfiduciary activities of the primary government. For the most part the effect of the interfund activity has been removed from these statements. Government activities are normally supported by taxes and intergovernmental revenues.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies, Continued

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund revenues are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers most governmental revenues as available if received within 60 days of years end. Expenditures are recorded generally when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies, Continued

The government reports the following major funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources of the general government except those required to be accounted for in another fund.

State Street Aid Fund - To account for the receipt and usage of the Town's share of State gasoline taxes.

Drug Fund - To account for the activity in the Town's Drug fund.

Facilities Tax Fund – To account for the Town Facility Tax and the expenditures related to the tax.

Impact Fund – To account for the Impact fee assessed on new developments.

Facilities School Tax – To account for the Town facility Tax to be used on future school infrastructure improvements.

Cash and Cash Equivalents

Cash and cash equivalents consist primarily of savings accounts and amounts held by the State Local Government Investment Pool. When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted funds are used the Town uses committed, assigned then unassigned funds.

Receivables and Payables

Activity between funds that are representative of lending/ borrowing arrangements outstanding at the end of the fiscal year are referred to as either due from/ due to other funds (i.e. the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Town's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies, Continued

Property Tax

The Town's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the Town's legal boundaries. All Town taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made.

Assessed values are established by the State of Tennessee at the following rates of appraised market value:

Public Utility Property	55%
Industrial and Commercial Property	
- Real	40%
- Personal	30%
Farm and Residential Property	25%

Taxes were levied at a rate of \$0.29 per \$100 of assessed valuation for the fiscal year ended June 30, 2020. Payments may be made during the period from October 1 through February 28. Current tax collections of \$704,482 for the fiscal year ended June 30, 2020 were approximately 99 percent of the tax levy.

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets consisting of certain improvements other than buildings, including roads, bridges, streets and sidewalks, and drainage systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an individual cost of \$5,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated useful life in excess of three years. All capital assets are valued at historical cost or estimated historical cost, if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Infrastructure	40-50 years
Buildings	10-50 years
Furniture and Equipment	5-10 years

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies, Continued

Credit Risk

Financial instruments that potentially subject the Town to significant concentrations of credit risk consist principally of cash and accounts receivable. The Town places its cash with federally-insured financial institutions, institutions participating in the State collateral pool. With respect to accounts receivable, credit risk is dispersed across a large number of customers concentrated within one area of service.

Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Council vote on an annual basis for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- b. The Town Council approves, by ordinance, total budget appropriations by department only. The Mayor is authorized to transfer budget amounts between line items within each department; however, any revisions that alter the total appropriations of any fund must be approved by the Town Council.
- c. The budget amounts shown in the financial statements are the final authorized amounts as amended during the year.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has deferred outflows related to its pension and OPEB plan reporting.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for intergovernmental shared revenues, which do not meet the availability criteria in governmental funds. The Town has deferred inflows related to pension plan and OPEB plan reporting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies, Continued

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental fund.

Fund Balance

The Town implemented GASB 54 which addresses issues related to how fund balances are reported. Fund balances are now reported in the following manner:

Nonspendable Fund Balance - This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed Fund Balance - This classification includes amounts that can only be used for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority, the Town Council of the Town of Nolensville, Tennessee. Commitments may be changed or lifted only by the Town taking the same formal action that imposed the constraint originally (for example: ordinance).

Assigned Fund Balance - This classification included amounts intended to be used by the Town for specific purposes that are neither restricted nor committed. The Town Council and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned Fund Balance - This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies, Continued

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Nolensville's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Nolensville's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Other Post-Employment Benefit Plan- (OPEB)

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and OPEB expense, information about the fiduciary net position of the Town of Nolensville's participation in the Local Government OPEB Plan (LGOP), and additions to/deductions from the Town of Nolensville fiduciary net position have been determined on the same basis as they are reported by the LGOP. For this purpose, benefits are recognized when due and payable in accordance with benefit terms of the LGOP.

Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

Unrestricted – All other net position that does not meet the description of the above categories.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(2) Cash and Cash Equivalents

The Town is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts. During the year, the Town invested funds that were not immediately needed in savings accounts and investments in the State of Tennessee Local Government Investment Pool. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the town. Cash and cash equivalents were adequately covered by federal depository insurance, insured by the depository bank's participation in the State of Tennessee Bank Collateral Pool or collateralized by securities, pledged for deposits, held by an independent third-party financial institution under the terms of a safekeeping collateral agreement in the Town's name. Investment policies of the Town follow state law and bond requirements prohibiting investments that are not secured or insured by the U.S. Government.

(3) Accounts Receivable

Accounts receivable at June 30, 2020, consist of the following:

<u>Fund</u>	<u>Other Government</u>	<u>Property Taxes</u>	<u>Total</u>
General Fund	\$ 546,968	710,544	1,257,512
Facilities School Tax	23,307	-	23,307
State Street Aid	<u>67,364</u>	<u>-</u>	<u>67,364</u>
Total	\$ <u>637,639</u>	<u>710,544</u>	<u>1,348,183</u>

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(4) Capital Assets

A summary of changes in general capital assets as presented in the governmental activities column of the government-wide financial statement is as follows:

	Balance <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2020</u>
Land	\$ 278,753	-	-	278,753
Building	4,570,055	-	-	4,570,055
Furniture	31,525	-	-	31,525
Infrastructure	8,261,649	3,322,966	-	11,584,615
Equipment	<u>744,282</u>	<u>304,656</u>	<u>162,593</u>	<u>886,345</u>
Total	<u>\$13,886,264</u>	<u>3,627,622</u>	<u>162,593</u>	<u>17,351,293</u>
Accumulated depreciation	<u>(3,243,752)</u>			<u>(3,784,485)</u>
Capital Assets, net	<u>\$ 10,642,512</u>			<u>13,566,808</u>

All assets are being depreciated except land of \$278,753.

Depreciation expense was charged to functions/programs of the primary government as follows:

General Fund:	
Police department	113,719
General government	117,564
Highways and streets	<u>472,043</u>
Total	<u>703,326</u>

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(5) Risk Management

The Town is exposed to various risks to general liability and property and casualty losses. The Town has decided it is more economically feasible to be in a public entity risk pool as opposed to purchasing commercial insurance for general liability and property and casualty coverage. The Town participates in the Public Entity Partners (formerly TML Insurance Pool), which is a public entity risk pool established by the Tennessee Municipal League, an association of member cities. The Town pays an annual premium to the PEP for its general liability and property and casualty insurance coverage. The pool reinsures through commercial insurance companies.

The Town has not had claims in excess of insurance coverage during the last three years.

(6) Long-Term Debt

Direct Borrowings

The following schedule reflects the changes in general long-term debt, for the fiscal year ending June 30, 2020.

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
Recreation center loan	1,686,000	-	78,000	1,608,000
Building construction loan	3,216,000	-	126,000	3,090,000
Total	4,902,000	-	204,000	4,698,000

Principal and interest requirements to maturity on all outstanding bonds, loans and obligations as of June 30, 2020 are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2021	214,000	39,453
2022	225,000	37,275
2023	235,000	35,186
2024	248,000	32,981
2025	260,000	30,667
2026-2030	1,500,000	114,385
2031-2035	1,746,000	39,363
2036	270,000	1,016
Total	4,698,000	330,326

The above bonds payable contain provisions that in the event of default, the lender can use any remedy allowed by state or federal law.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(7) Pension Plan

General Information about the Pension Plan

Plan description. Employees of Nolensville are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <http://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided. Tennessee Code Annotated Title 8, Chapter 34-37 established the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	24
Active employees	<u>25</u>
Total	<u>52</u>

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(7) Pension Plan, Continued

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be charged by the Tennessee General Assembly. Employees contribute 5 percent of salary. Nolensville makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, actuarially determined contribution (ADC) for Nolensville were (\$104,816) based on a rate of (6.83%) percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Nolensville's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Nolensville's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

<i>Inflation</i>	2.5 percent
<i>Salary increases</i>	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation averaging 4.00 percent.
<i>Investment rate of return</i>	7.25 percent, net of pension plan investment expenses, including inflation.
<i>Cost-of-Living Adjustment</i>	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(7) Pension Plan, Continued

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates by return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real Estate	4.32%	10%
Short-term securities	0.00%	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the Town will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(7) Pension, Continued

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (Asset)	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/18	\$1,592,477	\$1,222,559	\$369,918
Changes for the Year:			
Service Cost	106,756	-	106,756
Interest	120,871	-	120,871
Differences between expected and actual experience	(136,149)	-	(136,149)
Changes of Benefit Terms	-	-	-
Changes in Assumptions	-	-	-
Contributions-employer	-	98,195	(98,195)
Contributions-employees	-	64,687	(64,687)
Net investment income	-	94,625	(94,625)
Benefit payments, including refunds of employee contributions	(64,104)	(64,104)	-
Administrative expense	-	(2,287)	2,287
Other changes	-	-	-
Net changes	27,374	191,116	(163,742)
Balance at 6/30/19	\$ 1,619,851	\$ 1,413,675	\$ 206,176

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of Nolensville calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Nolensville's net pension Liability (asset)	438,424	206,176	24,572

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(7) Pension, Continued

Pension Expense (income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense (negative pension expense). For the year ended June 30, 2020, Nolensville recognized negative pension expense of \$116,018.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, Nolensville reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	214,553	116,699
Net difference between projected and Actual earning on pension plan		
Investments	-	14,666
Changes in Assumptions	15,195	
Contributions subsequent to the Measurement date of June 30, 2019	<u>104,816</u>	<u>-</u>
Total	<u>334,564</u>	<u>131,365</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2019," will be recognized as a reduction (increase) to net position liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2021	36,191
2022	28,135
2023	25,285
2024	25,196
2025	(8,213)
Thereafter	(8,213)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(8) Other Postemployment Benefits For Retiree Health Insurance

Plan description – Employees of the Town, who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Government OEB Plan (LGOP administered by the Tennessee Department of Finance and Administration). This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who chose coverage, participate in the LGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided -The Town offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health-savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receives the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The Town does not directly subsidize and are only subject to the implicit. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement NO. 75.

Employees covered by benefit terms. At July 1, 2019, the following employees were covered by the benefit terms of the LGOP:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	0
Active employees eligible for benefits	25
Active employees not eligible for benefits	<u>3</u>
Total	<u>28</u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to established premium rates. For the fiscal year ended June 30, 2020, the Town paid \$237 to the LGOP for OPEB benefits as they came due.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(8) Other Postemployment Benefits For Retiree Health Insurance, Continued

Total OPEB Liability

Actuarial assumptions-The total OPEB liability on the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all the periods included in the measurement, unless otherwise specified.

Inflation -	2.20%
Salary increases -	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare cost trend rates –	6.03% for 2019, decreasing annually over a 32-year period to an ultimate rate of 4.53%.
Retiree’s share of benefit-related costs –	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2017, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012- June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables were used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate-The discount rate used to measure the total OPEB liability was 3.51 percent. This rate reflects the interest rate derived from yields on a 20-year, tax exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-year Municipal GO AA index.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(8) Other Postemployment Benefits For Retiree Health Insurance, Continued

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Total OPEB liability - beginning balance	\$ 38,703
Changes for the year:	
Service cost	\$ 6,390
Interest	\$ 1,632
Changes of benefit terms	\$ -
Differences between expected and actual experience	\$ (28,887)
Change in assumptions	\$ 1,015
Benefit payments	\$ (6)
Net changes	\$ (19,856)
Total OPEB liability - ending balance	\$ 18,847

Changes in assumptions-The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption decreased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate-The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage higher than the current discount rate.

1% Decrease	Current Discount Rate Assumption	1% Increase
<u>(2.51%)</u>	<u>(3.51%)</u>	<u>(4.51%)</u>
\$20,354	\$18,847	\$17,491

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate – The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-lower or 1-percentage-point-higher than the current healthcare cost trend rate.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
<u>(5.03% Decreasing to 3.53%)</u>	<u>(6.03% decreasing to 4.53%)</u>	<u>(7.03% decreasing to 5.53%)</u>
\$ 16,671	\$ 18,847	\$ 21,488

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(8) Other Postemployment Benefits For Retiree Health Insurance, Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense - For the fiscal year ended June 30, 2020, the Tennessee Municipal Bond Fund recognized OPEB expense of \$4,444.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the year ended June 30, 2020, the Town of Nolensville reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and Actual experience	-	27,860
Changes in assumptions	2,386	1,269
Employer payments subsequent to The measurement date	-	-
Total	<u>2,386</u>	<u>29,129</u>

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in employee benefit expense as follows:

Year Ended June 30:

2021	(3,578)
2022	(3,578)
2023	(3,578)
2024	(3,578)
2025	(3,578)
Thereafter	<u>(8,853)</u>
Total	(26,743)

In the table shown above, positive amounts will increase employee benefit expense while negative amounts will decrease employee benefit expense.

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

TOWN OF NOLENSVILLE, TENNESSEE

Notes to Financial Statements

June 30, 2020

(9) Commitments and Contingencies

Grants:

Amounts received from Grantor agencies are subject to audit and adjustment by Grantor agencies, principally the Federal government. Any disallowed claims including amounts already collected, could become a liability of the applicable fund.

Litigation:

The Town has no lawsuits in which the outcome would be material to the financial statements.

(10) Compensated Absences

The Town has accrued a liability for unused sick and vacation pay which is earned, but not taken by Town employees.

	<u>July 1,</u> <u>2019</u>	<u>Addi-</u> <u>tions</u>	<u>Retire-</u> <u>ments</u>	<u>June 30,</u> <u>2020</u>
Governmental activities	<u>27,942</u>	<u>75,544</u>	<u>-</u>	<u>103,486</u>

REQUIRED
SUPPLEMENTARY
INFORMATION

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS

Last Fiscal Year ending June 30

	2014	2015	2016	2017	2018	2019
Total pension liability (asset)						
Service cost	\$ 42,778	\$ 44,681	\$ 68,656	\$ 79,198	\$ 90,337	\$ 106,756
Interest	\$ 45,363	\$ 57,205	\$ 67,215	\$ 87,572	\$ 102,794	\$ 120,871
Changes in benefit terms	-	-	\$ -	\$ -	\$ -	\$ -
Differences between actual & expected experience	\$ 78,351	\$ 18,960	\$ 150,790	\$ 78,819	\$ 89,897	\$ (136,149)
Change of assumptions	-	-	-	\$ 26,589	\$ -	\$ -
Benefit payments, including refunds of employee contributions	\$ (19,734)	\$ (1,259)	\$ (21,455)	\$ (30,099)	\$ (36,111)	\$ (64,104)
Net change in total pension liability (asset)	\$ 146,758	\$ 119,587	\$ 265,206	\$ 242,079	\$ 246,917	\$ 27,374
Total pension liability (asset)-beginning	\$ 571,930	\$ 718,688	\$ 838,275	\$ 1,103,481	\$ 1,345,560	\$ 1,592,477
Total pension liability (asset)-ending (a)	\$ 718,688	\$ 838,275	\$ 1,103,481	\$ 1,345,560	\$ 1,592,477	\$ 1,619,851
Plan fiduciary net position						
Contributions-employer	\$ 24,710	\$ 16,345	\$ 22,272	\$ 45,436	\$ 77,149	\$ 98,195
Contributions-employee	\$ 28,079	\$ 32,955	\$ 44,902	\$ 46,939	\$ 54,868	\$ 64,687
Net investment income	\$ 102,339	\$ 23,459	\$ 22,047	\$ 102,643	\$ 90,106	\$ 94,625
Benefit payments, including refunds of employee contributions	\$ (19,734)	\$ (1,259)	\$ (21,455)	\$ (30,099)	\$ (36,111)	\$ (64,104)
Administrative expense	\$ (474)	\$ (689)	\$ (1,320)	\$ (1,565)	\$ (2,099)	\$ (2,287)
Other	-	-	-	-	-	-
Net change in plan fiduciary net position	\$ 134,920	\$ 70,811	\$ 66,446	\$ 163,354	\$ 183,913	\$ 191,116
Plan fiduciary net position-beginning	\$ 603,115	\$ 738,035	\$ 808,846	\$ 875,292	\$ 1,038,646	\$ 1,222,559
Plan fiduciary net position-ending (b)	\$ 738,035	\$ 808,846	\$ 875,292	\$ 1,038,646	\$ 1,222,559	\$ 1,413,675
Net Pension Liability (asset)-ending (a) - (b)	\$ (19,347)	\$ 29,429	\$ 228,189	\$ 306,914	\$ 369,918	\$ 206,176
Plan fiduciary net position as a percentage of total pension liability	102.69%	96.49%	79.32%	77.19%	76.77%	87.27%
Covered payroll	\$ 561,578	\$ 659,088	\$ 898,048	\$ 938,764	\$ 1,091,821	\$ 1,293,748
Net pension liability (asset) as a percentage of covered payroll	-3.45%	4.47%	25.41%	32.69%	33.88%	15.94%

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, in needed.

TOWN OF NOLENSVILLE, TENNESSEE

**Schedule of Contributions Based on Participation in the
Public Employee Pension Plan of TCRS**

For the Year Ended June 30, 2020

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	<u>24,710</u>	<u>16,345</u>	<u>22,272</u>	<u>45,436</u>	<u>72,169</u>	<u>98,195</u>	<u>104,816</u>
Contributions in relation to the actuarially determined contribution	<u>24,710</u>	<u>16,345</u>	<u>22,272</u>	<u>45,436</u>	<u>77,149</u>	<u>98,195</u>	<u>104,816</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$4,980)</u>	<u>\$0</u>	<u>\$0</u>
Covered-employee payroll	<u>561,578</u>	<u>659,088</u>	<u>898,048</u>	<u>938,764</u>	<u>1,091,821</u>	<u>1,293,748</u>	<u>1,275,561</u>
Contributions as a percentage covered-employee payroll	<u>4.40%</u>	<u>2.48%</u>	<u>2.48%</u>	<u>4.84%</u>	<u>7.07%</u>	<u>7.59%</u>	<u>6.83%</u>

GASB 68 requires 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, in needed.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the June 30, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

Changes of assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modifies mortality assumptions.

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Required Supplementary Information- OPEB

Schedule of Changes in Total OPEB Liability and Related Ratios

Measurement Year ending June 30

Amounts reported for each fiscal year were determined as of the prior fiscal year.

	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 3,368	\$ 3,234	\$ 6,390
Interest on the Total OPEB Liability	\$ 1,053	\$ 1,371	\$ 1,632
Change In Benefit Terms	\$ -	\$ -	\$ -
Difference between expected and actual experience of the Total OPEB Liability	\$ -	\$ (2,962)	\$ (28,887)
Changes in assumptions and other inputs	\$ (1,782)	\$ 1,845	\$ 1,015
Benefit payments	\$ -	\$ (127)	\$ (6)
Net change in Total OPEB Liability	\$ 2,639	\$ 3,361	\$ (19,856)
Total OPEB Liability - Beginning	\$ 32,703	\$ 35,342	\$ 38,703
Total OPEB Liability - Ending	\$ 35,342	\$ 38,703	\$ 18,847
 Estimated Covered -Employee Payroll	 N/A	 N/A	 \$ 1,293,748
 Total OPEB Liability as a Percentage of Covered- Employee Payroll	 N/A	 N/A	 1.46%

Notes to Schedule

Note: There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan. The amounts reported for each fiscal year were determined as of the prior fiscal year-end. The amounts reported for each fiscal year were determined as of the prior fiscal year-end. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

SUPPLEMENTAL INFORMATION

TOWN OF NOLENSVILLE, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds:

Schedule of Changes in Capital Assets

June 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement</u>	<u>Ending Balance</u>
Land	278,753	0	0	\$278,753
Building	4,570,055	0	0	4,570,055
Furniture	31,525	0	0	31,525
Infrastructure	8,261,649	3,322,966	0	11,584,615
Equipment	<u>744,282</u>	<u>304,656</u>	<u>162,593</u>	<u>886,345</u>
Total capital assets	<u>13,886,264</u>	<u>3,627,622</u>	<u>162,593</u>	<u>17,351,293</u>

TOWN OF NOLENSVILLE, TENNESSEE

Capital Assets Used in the Operation of the Governmental Funds:

Schedule of Capital Assets by Function and Activity

June 30, 2020

	<u>General Government</u>	<u>Police Department</u>	<u>Streets</u>	<u>Total</u>
Land	278,753	0	0	\$278,753
Building	4,474,881	0	95,174	4,570,055
Furniture	31,525	0	0	31,525
Infrastructure	11,584,615	0	0	11,584,615
Equipment	<u>28,448</u>	<u>682,708</u>	<u>175,189</u>	<u>886,345</u>
Total capital assets	<u>16,398,222</u>	<u>682,708</u>	<u>270,363</u>	<u>17,351,293</u>

TOWN OF NOLENSVILLE, TENNESSEE

**Schedule of Cash and Cash Equivalents
All Funds**

June 30, 2020

	<u>Carrying Value</u>
General Fund:	
Demand deposits	\$8,463,056
State Investment Pool	17,326
Total General Fund	<u>8,480,382</u>
Special Revenue Funds	
State Street Aid Fund:	
Demand deposits	617,107
State Investment Pool	5,925
Total State Street Aid Fund	<u>623,032</u>
Drug Fund:	
Demand deposits	2,042
Total Drug Fund	<u>2,042</u>
Facilities Tax Fund:	
Demand deposits	7,941,320
Total Facilities Tax Fund	<u>7,941,320</u>
Impact Fund:	
Demand deposits	5,155,456
Total Facilities Tax Fund	<u>5,155,456</u>
Facilities School Tax Fund:	
Demand deposits	712,578
Total Facilities Tax Fund	<u>712,578</u>
Total Special Revenue Funds	<u>14,434,428</u>
Total - All funds	<u>\$22,914,810</u>

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2020

<u>Tax Year</u>	Balance <u>July 1, 2019</u>	<u>Levy</u>	Collections and Changes <u>in Assessment</u>	Balance <u>June 30, 2020</u>
2020	\$ -	710,544	0	710,544
2019	709,180	0	704,482	4,698
2018	3,792	0	2,381	1,411
2017	395	0	139	256
2016	896	0	756	140
2015	1,651	0	1,569	82
2014	1,116	0	1,106	10
2013	30	0	0	30
2012	48	0	0	48
2011	65	0	0	65
2010	103	0	0	103
2009	719	0	719	0
	<u>\$717,995</u>	<u>710,544</u>	<u>711,152</u>	<u>717,387</u>

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	Tax Collections and Adjustments	Outstanding Taxes
2020	0.29	710,544	0	710,544
2019	0.29	709,180	704,482	4,698
2018	0.29	626,909	625,498	1,411
2017	0.15	575,314	575,058	256
2016	0.15	498,479	498,339	140
2015	0.15	372,915	372,833	82
2014	0.15	337,915	337,905	10
2013	0.15	320,342	320,312	30
2012	0.15	292,845	292,797	48
2011	0.15	273,574	273,509	65
2010	0.15	250,085	249,982	103
2009	0.15	230,061	230,061	0

All delinquent taxes have been filed with the County Trustee.

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Debt Service Requirements

June 30, 2020

<u>Year</u>	TENNESSEE MUNICIPAL BOND FUND		TENNESSEE MUNICIPAL BOND FUND		TOTALS	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 132,000	21,811	82,000	17,642	214,000	39,453
2022	139,000	20,797	86,000	16,478	225,000	37,275
2023	145,000	19,738	90,000	15,448	235,000	35,186
2024	153,000	18,620	95,000	14,361	248,000	32,981
2025	160,000	17,450	100,000	13,217	260,000	30,667
2026	168,000	16,221	105,000	12,015	273,000	28,236
2027	176,000	14,933	110,000	10,756	286,000	25,689
2028	183,000	13,578	116,000	9,429	299,000	23,007
2029	192,000	12,157	121,000	8,044	313,000	20,201
2030	202,000	10,661	127,000	6,591	329,000	17,252
2031	212,000	9,092	134,000	5,058	346,000	14,150
2032	222,000	7,448	140,000	3,456	362,000	10,904
2033	234,000	5,716	147,000	1,774	381,000	7,490
2034	245,000	3,902	155,000	918	400,000	4,820
2035	257,000	1,999			257,000	1,999
2036	270,000	1,016			270,000	1,016
	<u>\$ 3,090,000</u>	<u>195,139</u>	<u>1,608,000</u>	<u>135,187</u>	<u>4,698,000</u>	<u>330,326</u>

Both loans have variable interest rates.

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Changes in Long-term Debt by Individual Issue

June 30, 2020

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2020
Governmental Activities									
NOTES PAYABLE									
Series 2017 Recreation Loan	\$ 2,025,000	2.00%	2017	12/31/2034	\$ 1,686,000	-	\$ 78,000	-	\$1,608,000
Series 2017 Building Loan	4,000,000	2.00%	2017	12/31/2036	\$ 3,216,000	-	\$ 126,000	-	\$3,090,000
Total Notes Payable					\$ 4,902,000	\$ -	\$ 204,000	\$ -	\$ 4,698,000

TOWN OF NOLENSVILLE, TENNESSEE
Schedule of State and Federal Financial Assistance
For the Year Ended June 30, 2020

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Receivable (Deferred) Balance July 1, 2019</u>	<u>Grant Receipts</u>	<u>Other Receipts</u>	<u>Grant Expenditures</u>	<u>Receivable (Deferred) Balance June 30, 2020</u>
State Program:								
N/A	Z19THS210	Highway Safety Police Grant	Tennessee Department of Transportation	<u>0</u>	<u>39,570</u>	<u>0</u>	<u>39,570</u>	<u>0</u>
N/A	SRTS-9400(58) SRTS-9329(10)	Safe routes to Schools	Tennessee Department of Transportation	<u>0</u>	<u>64,968</u>	<u>0</u>	<u>64,968</u>	<u>0</u>
20.205	STP-M-9400(56) PIN#117347	Small Town Connection	Tennessee Department of Transportation	<u>112,652</u>	<u>112,652</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total				<u>112,652</u>	<u>217,190</u>	<u>0</u>	<u>104,538</u>	<u>0</u>

This schedule prepared on the modified accrual basis of accounting.

COMPLIANCE AND INTERNAL CONTROL

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and Board of Aldermen
Town of Nolensville, Tennessee
Nolensville, Tennessee

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Nolensville's basic financial statements, and have issued a report thereon dated December 15, 2020.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Nolensville's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Nolensville's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Nolensville's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2020-001, that I consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Nolensville's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Findings

The Town of Nolensville's response to the finding identified in the audit is described in the Schedule of Findings and Responses. The Town of Nolensville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of the testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jah R Poole, CPA

December 15, 2020

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Findings and Responses

June 30, 2020

2020-001 - Separation of Duties

Condition: The Town of Nolensville currently has two employees that work in performing the majority of the accounting functions for the Town. Due to only having two employees performing the accounting transactions there is currently an inadequate segregation of duties.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Cause: The Town has a limited number of office employees to provide for a proper division of duties.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner along with the possibility of fraud or misappropriation of assets increases when accounting functions are not adequately segregated.

Recommendation: For adequate separation of duties, the employee who writes receipts, prepares and makes bank deposits, or writes checks should neither reconcile bank statements nor post to the cash receipts and disbursements journals.

Response: "We agree that the current staff does not allow the Town to segregate all duties to the optimum level desired. There are only two employees working in the department so it is virtually impossible to segregate all duties unless more staff is hired. Due to financial constraints the Town is not able to hire additional office help at this time."

TOWN OF NOLENSVILLE, TENNESSEE

Schedule of Disposition of Prior Year Comments

June 30, 2020

<u>Finding Number</u>	<u>Finding Title</u>	<u>Status</u>
2019-001	Separation of Duties	Repeated

The original finding number was 1998-001. The current finding number is 2020-001.